Saskatchewan
Finance

Annual Report 2001

Extended Health Care Plan For Certain Other Employees

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Saskatchewan
Finance

Her Honour, The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

Dear Madam:

Letter of Transmittal

I have the honour to transmit herewith the fifth Annual Report of the Extended Health Care Plan For Certain Other Employees for the year ending December 31, 2001.

I have the honour to be, Madam,

Your obedient servant,

Eric Cline
Minister of Finance

Saskatchewan
Public Employees
Benefits Agency

The Honourable Eric Cline
Minister of Finance
Regina, Saskatchewan

Sir:

Letter of Transmittal

On behalf of the Public Employees Benefits Agency, I have the honour to transmit herewith the fifth Annual Report of the Extended Health Care Plan For Certain Other Employees for the year ending December 31, 2001.

Respectfully submitted,

Brian Smith
Executive Director

INTRODUCTION

The Extended Health Care Plan For Certain Other Employees was established on January 1, 1997.

The Fund is used to account for the transactions of the Extended Health Care Plan For Certain Other Employees which provides health care benefits to certain out-of-scope employees.

As at December 31, 2001, participation in the Plan has been approved by the Lieutenant Governor in Council for out-of-scope employees of the Government of Saskatchewan as defined under *The Public Service Act.*

OPERATION OF THE PLAN

ADMINISTRATION

The Public Employees Benefits Agency has established a fund pursuant to *The Financial Administration Act, 1993* for the purpose of providing benefits under the Plan. The Joint Board of Trustees is responsible for the management and investment of the Fund. The Joint Board of Trustees consists of 4 representatives as nominated by the Saskatchewan Public Service Commission.

The Plan pays premiums to the Group Medical Services who provide insured extended health coverage. The Plan's risk is limited to the payment of premiums.

FUNDING

Funding for members covered is employer paid at a rate of 1.0% of straight time annual payroll.

BENEFITS

An employee is eligible for benefits at the start of the pay period immediately following a 6 month period of employment.

Claims are paid on behalf of all family members and covers certain health and vision care benefits.

MANAGEMENT'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

As members of management of the Extended Health Care Plan For Certain Other Employees, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

We believe the Extended Health Care Plan For Certain Other Employees has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

A Joint Board of Trustees, as nominated by the Public Service Commission and appointed by Minister's Order, has been established and is responsible for reviewing the ongoing operations of the Plan.

We enclose the financial statements of the Extended Health Care Plan For Certain Other Employees for the year ended December 31, 2001 and the Provincial Auditor's report on these financial statements.

Brian Smith
Executive Director
Public Employees Benefits Agency

Perry Bahr
Director, Benefit Programs
Public Employees Benefits Agency

Regina, Saskatchewan
February 5, 2002

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2001

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Extended Health Care Plan For Certain Other Employees as at December 31, 2001 and the statements of operations and net assets, and cash flows for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
February 5, 2002

Fred Wendel, CMA, CA
Acting Provincial Auditor

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES — STATEMENT 1
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2001	2000
ASSETS		
Due from General Revenue Fund (Note 3)	$1,811,792	$1,546,933
Employer contributions receivable	89,544	110,958
Insurance premiums receivable (Note 6)	27,769	-
Prepaid insurance premiums	87,893	-
	$2,016,998	$1,657,891
LIABILITIES		
Liabilities:		
Accounts payable (Note 6)	$ 426,931	$ 85,447
Advance from General Revenue Fund (Note 4)	65,000	65,000
	$ 491,931	$ 150,447
Net assets (Statement 2)	$ 1,525,067	$ 1,507,444

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES — STATEMENT 2
STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED DECEMBER 31

	2001		2000
	Budget (Note 7)	Actual	Actual
REVENUES			
Employer contributions	$1,335,000	$1,139,106	$1,318,621
Interest (Note 3)	80,000	74,819	78,025
	1,415,000	1,213,925	1,396,646
EXPENSES			
Insurance premiums	1,406,000	1,162,869	1,240,739
Administration (Note 6)	45,062	33,433	27,851
	1,451,062	1,196,302	1,268,590
Surplus (deficit) for the year	(36,062)	17,623	128,056
NET ASSETS, BEGINNING OF YEAR	1,507,444	1,507,444	1,379,388
NET ASSETS, END OF YEAR - to Statement 1	$1,471,382	$1,525,067	$1,507,444

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES — STATEMENT 3
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31

	2001	2000
Cash flows from operating activities:		
Employer contributions received	$ 1,160,520	$1,314,656
Interest received	74,819	78,025
Insurance premiums paid	(1,279,240)	(1,147,496)
Administration expenses paid	(29,530)	(26,299)
	(73,431)	218,886
Cash flows from financing activities:		
Net increase in deposits from others (Note 6)	338,290	17,533
Net increase in cash	264,859	236,419
DUE FROM GENERAL REVENUE FUND, BEGINNING OF YEAR	1,546,933	1,310,514
DUE FROM GENERAL REVENUE FUND, END OF YEAR	$1,811,792	$1,546,933

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2001

1. Description of the Plan

The Extended Health Care Plan For Certain Other Employees (Plan) was established on January 1, 1997 pursuant to subsection 64(2) of *The Financial Administration Act, 1993*. The Plan provides extended health care benefits to certain out-of-scope employees of the Government of Saskatchewan.

The Plan is funded from employer contributions, whose participation in the Plan has been approved by the Lieutenant Governor in Council. The contribution rate is 1% of regular pay as approved by the Minister of Finance.

The Plan pays premiums to Group Medical Services who provide insured extended health coverage as outlined in an agreement. The Plan's risk is limited to the payment of its premiums. The Government through the Minister of Finance entered into an agreement with Group Medical Services for a period of 2 years until December 31, 2001. The parties to this agreement are currently negotiating to renew the agreement to December 31, 2003.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

3. Due from General Revenue Fund

The Plan's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate, and the fund's average daily bank account balance. The Government's average thirty day borrowing rate in 2001 was 4.26% (2000 - 5.50%).

4. Advance from General Revenue Fund

The General Revenue Fund advanced the Plan monies when the Plan began operations. The advance is required because the Plan must pay premiums at the beginning of each month and employer contributions are not received until after the end of each month.

The advance is interest-free with no fixed maturity date.

5. Financial Instruments

The Plan's financial instruments include due from General Revenue Fund, employer contributions receivable, insurance premiums receivable, prepaid insurance premiums, accounts payable and advance from General Revenue Fund. Due to the immediate or short-term nature, the fair value of these instruments approximates carrying value.

6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). Related party transactions with the Plan are in the normal course of operations and are recorded at the agreed upon exchange amounts charged by these organizations.

All employer contributions, employer contribution receivables, and insurance premium receivables are from related parties.

The Plan is managed by the Public Employees Benefits Agency. The PEBA Revolving Fund charged the Plan $33,433 (2000 - $26,423) for administration.

The Plan also receives amounts from the Legislative Assembly Office, Judges, Human Rights Commission, Prairie Diagnostic Services, Saskatchewan Liquor and Gaming Authority, and other caucus groups and makes payments to Canada Life Assurance Company, Group Medical Services or Saskatchewan Blue Cross on their behalf. During the year, the Plan received $958,780 (2000 - $228,751) from the above groups and paid $620,490 (2000 - $211,218) to Canada Life Assurance Company, Group Medical Services and Saskatchewan Blue Cross. The cumulative difference of $420,938 (2000 - $82,648) is included in accounts payable on the statement of financial position. These receipts and payments are not considered part of the Plan's operations and are not included in the statement of operations.

Insurance premium receivable of $27,769 is due from the Extended Health Care Plan for SGEU employees (SGEU Plan). The amount represents health care premiums that were paid by this plan for employees who were moved to the SGEU plan on May 1, 2001.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

7. Budget

The Public Employees Benefits Agency prepares and approves the budget.